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BUSINESS GROWTH

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Jul. 22, 2015



Troy K. Lewis, CPA, CGMA, chair of the [American Institute of CPAs](#)' (AICPA) Tax Executive Committee, [testified](#) today to the House Small Business Committee that compliance with federal tax laws can act as a road block in the growth of small

businesses and outlined steps Congress could take to remove those obstacles. He also

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Lewis also recommended specific changes to the tangible property regulations that address how businesses should report the acquisition and improvement of tangible property to reduce complexity. The \$500 de *minimis* safe harbor threshold for taxpayers without an applicable financial statement should be increased to \$2,500 and should provide for annual inflation adjustments. In addition, the definition of “applicable financial statement” should be expanded to include a reviewed set of financial statements so more businesses could benefit from the higher \$5,000 threshold.

Various civil tax penalties that apply to small businesses should be modified in order to encourage voluntary compliance with the tax laws, Lewis noted. “Targeted, proportionate penalties that clearly articulate standards of behavior and that are administered in an even-handed and reasonable manner encourage voluntary compliance with the tax laws.”

Congress also should pass the *Mobile Workforce State Income Tax Simplification Act of 2015*, H.R. 2315, Lewis said, because it would provide a uniform national standard for non-resident income taxation, withholding and filing requirements and, consequently, relieve unnecessary administrative burdens on employers and employees who work fewer than 30 days a year in states outside their state of residence.

In conclusion, Lewis stated, “The AICPA has consistently supported tax reform simplification efforts and permanent tax legislation because we are convinced such actions will significantly reduce taxpayers’ compliance costs and encourage voluntary compliance through an understanding of the rules. The uncertainty of tax legislation creates unnecessary confusion, anxiety and administrative financial burdens. We encourage you to examine all aspects of the tax code to improve the current rules that have led to compliance hurdles for small businesses and administrative complexity.”

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